



**MCI Telecommunications  
Corporation**

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June 12, 1997

EX PARTE OR LATE FILED

William S. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M St. NW  
Washington, D.C. 20554

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JUN 12 1997

Federal Communications Commission  
Office of Secretary

Re: EX PARTE in Merger of British Telecommunications plc and MCI  
Communications Corporation, General Docket No. 96-245

Dear Mr. Caton:

Jim Graf of BTNA and I met today with Rudolfo M. Baca of Commissioner Quello's office to discuss concerns raised by some parties in the above-captioned proceeding with U.K. domestic policy. As part of the "effective competitive opportunities" test that is used to evaluate foreign participation in the U.S. market, the Commission looks at a broad spectrum of competitive conditions in a foreign market, including domestic regulation.

MCI and BT stated that the U.K. government, and specifically its telecommunications regulator Oftel, have affirmatively decided that introducing equal access and loop unbundling in the U.K. would not complement the domestic pro-competition policy agenda that Oftel has designed. Due to the U.K. government's determination, BT is not free as a matter of internal policy to offer equal access or unbundled loops in the U.K. today. While the U.K.'s policies do not mirror U.S. policy in every respect, the U.K.'s policies have produced the most competitive telecommunications market in the world, where real competitors (including many U.S. companies) compete for real customers in all levels of the market.

Enclosed are the materials used in the presentation.

Sincerely,

Mary L. Brown

cc: Rudy Baca

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**MCI**★

# ***MCI-BT Merger***

BT★

# **MCI-BT Merger: US Consumers Win**

- **Increases competition in US local markets**
  - **Lower prices**
  - **Increased choice**
  - **Improved service**
  - **Technical innovation**
- **Creates new global competitor**
  - **Lower accounting rates**
  - **Liberalization in foreign markets**
  - **Enhanced global seamless services for US multinationals worldwide**
  - **Foster investment, joint ventures**

## **UK: The World's Most Competitive Telecommunications Market**

- **Cable is a real competitor for telephony**
  - **Passes more than 30% of UK homes ( 8 million)**
  - **Installed over 2 million exchange lines**
  - **Acquires 50,000 new local phone customers per month**
- **CAPs active in major urban areas similar to strategy in US**
- **Utilities offering switched & non-switched telecommunications services throughout UK**
- **Fixed wireless emerging**
  - **75% of UK population covered by 2000**

## **UK Market Satisfies Every Aspect of the “ECO Test”**

- **Absence of de jure restrictions on international facilities-based entry**
- **Availability of interconnection on fair and reasonable terms**
- **Presence of an independent regulator, employing fair and transparent regulatory procedures**
- **Existence of safeguards against anti-competitive behavior**

# **WTO Agreement Supports Merger Approval**

## **US WTO commitments:**

- **Will open up entire US market  
(local, long distance, international)**
- **On a “technology neutral” basis  
(wireline, wireless, and satellite)**
- **No restrictions on indirect foreign investment**
- **Effective January 1, 1998**

## **Equal access, loop unbundling is an issue of UK domestic policy**

- **Oftel determines UK interconnection and carrier selection policies**
- **Existing UK policies have created competition**
- **EU is currently examining equal access**